

House Joint Resolution 1 - Introduced

HOUSE JOINT RESOLUTION 1

BY PAULSEN, RAECKER, WAGNER,
PETTENGILL, BRANDENBURG,
WATTS, FRY, ROGERS,
CHAMBERS, DEYOE, HANUSA,
HUSEMAN, DRAKE, GARRETT,
HELLAND, FORRISTALL,
BALTIMORE, GRASSLEY,
DOLECHECK, HAGENOW, KLEIN,
J. TAYLOR, WINDSCHITL,
SCHULTZ, SANDS, SCHULTE,
VANDER LINDEN, HEIN,
RASMUSSEN, WORTHAN, BYRNES,
J. SMITH, TJEPKES, HORBACH,
ANDERSON, UPMEYER, COWNIE,
SODERBERG, LOFGREN, and
KAUFMANN

HOUSE JOINT RESOLUTION

1 A Joint Resolution proposing an amendment to the Constitution
2 of the State of Iowa relating to state budgeting by creating
3 a state general fund expenditure limitation and requiring
4 authorization for certain bonds.
5 BE IT RESOLVED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. The following amendment to the Constitution of
2 the State of Iowa is proposed:

3 The Constitution of the State of Iowa is amended by adding
4 the following new section to new Article XIII:

5 ARTICLE XIII.

6 EXPENDITURE LIMITATION.

7 **General fund expenditure limitation. SECTION 1.**

8 1. For the purposes of this section:

9 *a. "Adjusted revenue estimate"* means the most recent revenue
10 estimate determined before January 1, or a later and lesser
11 revenue estimate determined before adjournment of the regular
12 session of the general assembly, for the general fund for the
13 following fiscal year as determined by a revenue estimating
14 conference which shall be established by the general assembly
15 by law, adjusted by subtracting estimated refunds payable from
16 that estimated revenue and adding any available surplus in
17 accordance with subsection 6. However, if the general assembly
18 holds an extraordinary session prior to the commencement of the
19 fiscal year to which the revenue estimate applies and before
20 or during the extraordinary session the revenue estimating
21 conference determines a lesser revenue estimate, the lesser
22 estimate shall be used for the adjusted revenue estimate.

23 *b. "General fund"* means the principal operating fund of the
24 state which shall be established by the general assembly by
25 law.

26 *c. "New revenues"* means moneys which are received by the
27 state due to increased tax rates or fees or newly created
28 taxes or fees over and above those moneys which are received
29 due to state taxes or fees which are in effect as of January
30 1 following the most recent meeting of the state revenue
31 estimating conference. *"New revenues"* also includes moneys
32 received by the general fund due to new transfers over
33 and above those moneys received by the general fund due to
34 transfers which are in effect as of January 1 following the
35 most recent meeting of the state revenue estimating conference.

1 The state revenue estimating conference shall determine the
2 eligibility of transfers to the general fund which are to be
3 considered as new revenue in determining the state general fund
4 expenditure limitation.

5 *d. "Surplus"* means the cumulative excess of revenues and
6 other financing sources over expenditures and other financing
7 uses for the general fund at the end of a fiscal year.

8 2. A state general fund expenditure limitation is created
9 and calculated in subsection 3, for each fiscal year beginning
10 on or after July 1 following the effective date of this
11 section.

12 3. Except as otherwise provided in this section, the state
13 general fund expenditure limitation for a fiscal year shall be
14 ninety-nine percent of the adjusted revenue estimate.

15 4. The state general fund expenditure limitation shall be
16 used by the governor in the preparation and approval of the
17 budget and by the general assembly in the budget process.

18 5. If a new revenue source is proposed, the budget revenue
19 projection used for that new revenue source for the period
20 beginning on the effective date of the new revenue source and
21 ending in the fiscal year in which the source is included in
22 the adjusted revenue estimate shall be ninety-five percent
23 of the amount remaining after subtracting estimated refunds
24 payable from the projected revenue from that source. If a new
25 revenue source is established and implemented, the original
26 state general fund expenditure limitation amount provided for
27 in subsection 3 shall be readjusted to include ninety-five
28 percent of the estimated revenue from that source.

29 6. Any surplus existing at the end of a fiscal year which
30 exceeds ten percent of the adjusted revenue estimate of
31 that fiscal year shall be included in the adjusted revenue
32 estimate for the following fiscal year. Any surplus equal to
33 ten percent or less of the adjusted revenue estimate of the
34 fiscal year may be included in the adjusted revenue estimate
35 for the following fiscal year if approved in a bill receiving

1 the affirmative votes of at least three-fifths of the members
2 elected to each house of the general assembly.

3 7. If a bill or joint resolution provides for new revenue or
4 appropriations bonding authority, or an expansion of existing
5 revenue or appropriations bonding authority, which bonds are
6 funded in whole or in part from revenues from the general
7 fund or from another portion of the state treasury, the bill
8 or joint resolution shall not become law unless approved by
9 the affirmative votes of at least two-thirds of the members
10 elected to each house of the general assembly. In addition,
11 the state general fund expenditure limitation for the initial
12 or subsequent fiscal year to which the bill or joint resolution
13 applies shall include any appropriations of such revenues for
14 the fiscal year.

15 8. The scope of the state general fund expenditure
16 limitation under subsection 3 shall not include federal funds,
17 donations, constitutionally dedicated moneys, and moneys
18 expended from a state retirement system.

19 9. The governor shall submit and the general assembly shall
20 pass a budget which does not exceed the state general fund
21 expenditure limitation. The governor shall not approve or
22 disapprove appropriation bills or items of appropriation bills
23 passed by the general assembly in a manner that would cause
24 the final budget approved by the governor to exceed the state
25 general fund expenditure limitation.

26 10. The governor shall not submit and the general assembly
27 shall not pass a budget which in order to balance assumes
28 reversion of any part of the total of the appropriations
29 included in the budget.

30 11. The state shall use consistent standards, in accordance
31 with generally accepted accounting principles, for all state
32 budgeting and accounting purposes.

33 12. The general assembly shall enact laws to implement this
34 section.

35 Sec. 2. REFERRAL AND PUBLICATION. The foregoing proposed

1 amendment to the Constitution of the State of Iowa is referred
2 to the general assembly to be chosen at the next general
3 election for members of the general assembly, and the secretary
4 of state is directed to cause it to be published for three
5 consecutive months previous to the date of that election as
6 provided by law.

7 EXPLANATION

8 This joint resolution proposes an amendment to the
9 Constitution of the State of Iowa relating to state budgets and
10 authorization for certain bonds.

11 The amendment creates a state general fund expenditure
12 limitation. The amount of the limitation is 99 percent of the
13 adjusted revenue estimate. The amendment defines adjusted
14 revenue estimate and requires that that estimate be determined
15 by a revenue estimating conference which is to be created by
16 the general assembly by law. The amendment requires that the
17 expenditure limitation be used by the governor in preparation
18 of the governor's budget and by the general assembly in the
19 budget process. The governor is prohibited from approving or
20 disapproving of appropriations in a manner that would cause the
21 final budget approved by the governor to exceed the expenditure
22 limitation.

23 The amendment also provides that if a new revenue source is
24 established and implemented, 95 percent of the estimate of that
25 new revenue shall be included in the expenditure limitation.

26 The amendment also requires that the amount of any surplus
27 which exceeds an amount equal to 10 percent of the adjusted
28 revenue estimate be included in the adjusted revenue estimate
29 for the following fiscal year. Any surplus which is equal
30 to 10 percent or less of the amount of the adjusted revenue
31 estimate may be included in the following year's adjusted
32 revenue estimate if inclusion is approved in a bill by at
33 least three-fifths of the members elected to each house of the
34 general assembly.

35 The amendment requires that enactment of a bill or joint

1 resolution providing for new or expanded authority to issue
2 revenue or appropriations bonds funded in whole or in part
3 from revenues from the general fund or from another portion of
4 the state treasury requires a vote of at least two-thirds of
5 the members elected to each house of the general assembly. In
6 addition, the appropriations of such revenues are required to
7 be included in the state general fund expenditure limitation
8 for each applicable fiscal year.

9 The amendment also requires the state to use generally
10 accepted accounting principles for state budgeting and
11 accounting purposes. The amendment provides that the general
12 assembly shall enact laws to implement the amendment.

13 The resolution, if adopted, will be referred to the next
14 general assembly. If the next general assembly adopts the
15 resolution, the amendment will be submitted to the voters for
16 ratification.